

Message Text

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ORIGIN EB-07

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EUR/NE - N. ACHILLES

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FM SECSTATE WASHDC

TO AMEMBASSY DUBLIN

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E.O. 11652:N/A

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TAGS: EAIR, EI

SUBJECT: CIVAIR: IRISH CHARTER POLICY

1. TRANS-INTERNATIONAL AIRLINES (TIA), AN OAKLAND CALIFORNIA BASED US SUPPLEMENTAL CARRIER WITH US AUTHORITY TO SERVE IRELAND, RECENTLY RECEIVED A LETTER FROM M.F. FAHY OF DEPARTMENT OF TRANSPORT AND POWER WHICH SAYS IN EFFECT THAT SHOULD TIA APPLY FOR APPROVAL FIVE NY-SHANNON TRAVEL GROUP CHARTERS (TGCS), FLIGHTS WILL BE DISAPPROVED. FAHY'S REASON FOR THIS POSITION - WHICH AMOUNTS TO REVIVAL OF IRISH FIRST REFUSAL CHARTER POLICY - WAS THAT SCHEDULED CARRIERS (READ AER LINGUS) HAVE THE CAPACITY TO OPERATE THESE FLIGHTS.

2. IT SHOULD BE NOTED THAT CHARTER ORGANIZER, NY BASED TRAVEL SALES INTERNATIONAL, ORIGINALLY APPROACHED AER LINGUS FOR THE FIVE CHARTERS. WHEN IT DID SO, HOWEVER, TRAVEL SALES INTERNATIONAL INDICATED THAT COST COULD NOT EXCEED ITS BUDGET OF \$200 PER SEAT. AER LINGUS REPLIED THAT IT HAD CAPACITY TO PERFORM CHARTERS BUT AT PRICES FOR LIMITED OFFICIAL USE

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THE FIVE FLIGHTS RANGING FROM \$220 TO \$259. AT THIS POINT

TRAVEL SALES INTERNATIONAL TURNED TO TIA WHICH WAS ABLE TO OFFER CHARTERS AT BELOW \$200/SEAT BUDGET. THIS WAS FOLLOWED BY THE FAHY LETTER.

3. AS A RESULT FAHY'S LETTER TO TIA, CAB STAFF ARE DISAPPROVING THREE OFF-ROUTE AER LINGUS CHARTER APPLICATIONS. MOREOVER, CAB STAFF ARE CONTEMPLATING RECOMMENDING A POLICY OF CONTROL AND DISAPPROVAL AER LINGUS ON-ROUTE CHARTERS UNTIL SUCH TIME AS RECIPROCITY IS RESTORED AND IRISH FIRST REFUSAL POLICY IS ABANDONED. (FYI: AS GENERAL RULE, FOREIGN SCHEDULED AIRLINES ARE FREE TO OPERATE ON-ROUTE CHARTERS, I.E. CHARTERS BETWEEN POINTS DESIGNATED IN CIVIL BILATERALS, WITHOUT CAB APPROVAL. ON OTHER HAND THEY MUST SECURE CAB APPROVAL TO OPERATE OFF-ROUTE CHARTERS, I.E. CHARTERS BETWEEN OTHER POINTS.)

4. IN OUR VIEW, IRISH ACTION WITH RESPECT TO CHARTERS COMES AT A POOR TIME. TRAVELERS SHOULD NOT BE FORCED TO PAY NEED LESSLY FOR AIR TRANSPORTATION (IN THE PRESENT CASE UP TO 33 PERCENT MORE) WHEN LESS EXPENSIVE ALTERNATIVES ARE AVAILABLE. MOREOVER, THE FIRST REFUSAL PRACTICE - WHICH WE BELIEVED HAD LONG SINCE DISAPPEARED FROM THE NORTH ATLANTIC CHARTER MARKET - AMOUNTS TO THE UNACCEPTABLE SITUATION OF ONE COUNTRY DICTATING TO THE TRAVELERS OF ANOTHER COUNTRY THEIR CHOICE OF CARRIER. OBVIOUSLY, IN THIS TYPE OF SITUATION, RECIPROCITY DOES NOT EXIST. FINALLY, WE ARE SURPRISED THAT IRISH CONTINUE TO FOLLOW THIS POLICY IN VIEW OF SIGNIFICANT GOI EXPENDITURES IN TOURISM PROMOTION AND IN VIEW OF LIKELIHOOD THAT NECESSARY RETALIATION TO SUCH POLICY COULD REDUCE OR EVEN ELIMINATE ALL CHARTERING. IT IS CLEAR THAT TO A VERY LARGE EXTENT CHARTER TRAVEL APPEALS TO MARKET SEGMENT WHICH MIGHT OTHERWISE NOT TRAVEL AT ALL. WE NOTE THAT BETWEEN 1968 AND 1973 THAT IRISH SHARE OF ATLANTIC TOURIST MARKET HAS DECLINED FROM 3.3 PERCENT TO 1.4 PERCENT.

5. ACTION REQUESTED: EMBASSY SHOULD APPROACH MINISTRY OF TRANSPORT AND POWER AT LEVEL AND IN MANNER IT CONSIDERS APPROPRIATE AND SEEK GOI ABANDONMENT OF ITS FIRST REFUSAL POLICY AND APPROVAL OF TIA FIVE-FLIGHT CHARTER PROGRAM TO LIMITED OFFICIAL USE

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BEGIN IN JUNE 1975. SINCE IT OCCURS TO US IRISH TOURISM WILL BE ULTIMATE LOSER IF GOI PERSISTS IN ITS PRESENT POLICIES, EMBASSY MAY ALSO WISH APPROACH IRISH TOURIST BOARD IN THIS CONNECTION. INGERSOLL

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